

INFORMATION REPORT
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COUNTRY Germany (Russian Zone)
SUBJECT Reorganization of Economic
Administrations; Personnel Changes

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1. Dr. Skrzypczynski, though no longer enjoying the confidence of the
Brandenburg still refuses to join the SED. He maintains contact with a
number of outsiders, and a series of secret ZVI orders have become
public knowledge. As a result, the Russians have transferred a
number of his functions to Vice-President Dr. Richard Mischler.
In addition, the Karlshorst Industrial Council has instituted a
basic separation of reparations orders into two classes: economic
and military. Contracts for armaments production will now be
negotiated exclusively by the SMA. Heretofore the Central Adminis-
tration of Industry has arranged for delivery of parts and for
small scale production. Reparations orders in the economic
category are to be handled by a section called "Reparations for
Industrial Reconstruction" directly under Mischler. SMA super-
vision over all reparations orders is to be maintained by Prof.
Rohrberg, SMA liaison officer in the Central Administration of
Industry.

2. Rumors that Skrzypczynski is on the way out have been current for
months. In recent weeks Heinrich Rau, Minister of Economic
Planning in Brandenburg, has been mentioned as a successor to
him or to Jakob Boulanger, former vice-president. [redacted]
[redacted] however, Rau is to become chairman of the
Russian Zone Economic Commission. Bruno Leuschner, present acting
head, would become Rau's deputy, but real control behind the scenes
would be in the hands of Walter Ulbricht.

3. [redacted] Rau is leaving his post in Brandenburg and
is being succeeded by Otto Falkenberg, who has been in charge of
state-owned enterprises in Saxony. This change may well be a
result of personal rivalry between Rau and Minister of the Interior
Bernhard Bechler. [redacted] Bechler has
used his influence with SMA to gain complete control of the Branden-
burg administration in personnel matters. Bechler managed to have
the Department for Agrarian Reform transferred from Rau's ministry
to his own. Inasmuch as his ministry also includes the police,
Bechler's position is practically unchallenged.

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4. [REDACTED] The choice for permanent head of the Economic Commission is still open between Rau and Fritz Selbmann of Saxony. The Section for Economic Affairs which is the executive organ of the Commission, is to be expanded from 120 to 300 persons. Serious difficulties are being encountered in the search for SED members who possess the necessary technical ability. The Section for Economic Affairs is to prepare all production and distribution plans and to distribute all available raw materials. If this section proves itself, the SMA is to be reduced. The Central Administration of Industry is to be split into four groups: metallurgy, heavy industry, light industry, basic industry.

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